

Internal Revenue Service

Department of the Treasury

NO PROTEST RECEIVED

Release copies to District

Washington, DC 20224

Date

Surname

Person to Contact:

Telephone Number:

Refer Reply to:

Date:

MAR 21 1994

Employer Identification Number:

Key District: Atlanta

Dear Applicant:

We have considered your application for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

The information submitted indicates that you were created on [REDACTED], to provide medical services to the County's indigent and medically needy residents. You state that you were created as an independent taxing district by special statute. You are authorized to levy and assess an ad valorem tax on all the taxable property in the district to support your purposes and activities.

Your financial support is derived from ad valorem taxes and state funded grants.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for charitable purposes.

Rev. Rul. 55-319, 1955-1 C.B. 119, holds that a wholly-owned State instrumentality may, under certain circumstances, qualify for exemption from Federal income tax under section 501(c)(3) of the Code. This position is amplified in Rev. Rul. 60-384, 1960-2 C. B. 172, which holds that a wholly-owned state or municipal instrumentality that is a separate entity and a counterpart of an organization described in section 501(c)(3) of the Code may qualify for exemption under that section. However, the revenue ruling states that it would not be a clear counterpart of a section 501(c)(3) organization if it is clothed with regulatory or enforcement powers, or other powers beyond those of an organization described in section 501(c)(3). Examples of such powers set forth in the revenue ruling are enforcement or regulatory powers exercised in the public interest, such as health, welfare, or safety.

Rev. Rul. 74-15, 1974-1 C.B. 126, holds that a public library organized as a separate entity under a state statute,

without power to impose taxes for its operation but whose funds are obtained by certification of a tax rate needed for its operations to the rate-making authority, qualifies for exemption under section 501(c)(3). The revenue ruling states that the power regarding the tax rated described above is not a regulatory or enforcement power within the meaning of Rev. Rul. 60-384, since it merely involves the determination, subject to specified limits, of a tax rate necessary to support the library's operation.

Unlike the organization described Rev. Rul. 74-15, you are authorized to levy and assess taxes to support your operations. This is considered as a regulatory or enforcement power within the meaning of Rev. Rul. 60-384. Since you are clothed with a power beyond those of an organization described in section 501(C)(3), you are not a clear counterpart of an organization described in section 501(c)(3). Therefore, you are not entitled to exemption from Federal income tax under section 501(c)(3) of the Code. Contributions to you are not deductible under section 170(c)(2) of the Code.

Any questions that you may have as to whether contributions to you are deductible under section 170(c)(1) of the Code should be addressed to the Internal Revenue Service, Office of Assistant Chief Counsel, (Income Tax and Accounting) CC:DOM:IT&A, P.O. Box 7604, Ben Franklin Station, Washington, D.C. 20044.

You have the right to protest this ruling if you believe that it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement must be submitted within 30 days of the date of this letter and must be signed by one of your officers. You also have a right to a conference in this office after your statement is submitted. If you want a conference, you must request it when you file your protest statement. If you are to be represented by someone who is not one of your officers, he/she must file a proper power of attorney and otherwise qualify under our Conference and Practice Requirements.

If you do not protest this proposed ruling in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Code provides, in part, that a declaratory judgment or decree under this section shall not be issued in any proceeding unless the United States Tax Court, the United States Court of Federal Claims or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service.

If we do not hear from you within 30 days, this ruling will become final and copies will be forwarded to your key District

Director. Thereafter, if you have any questions about your federal income tax status, including questions concerning reporting requirements, please contact your key District Director.

Sincerely,

[REDACTED]
Chief, Exempt Organizations
Rulings Branch 1

cc: [REDACTED]
[REDACTED]
[REDACTED]